

INDUSTRY UPDATE

Biweekly Period Ending April 6, 2002

Phoenix Metro Area

Manufacturing

It might not be worth the time or money to sell a 486-based PC, but a Casa Grande company is turning “junk” into profits by recycling parts from older computers and monitors. Ten-year-old **Gold Circuit** — which takes apart PCs, monitors, and other communications equipment and resells their parts — has **grown to 40 employees and expects to add another 55 workers within the next three years.** Gold Circuit plans to finish **upgrading a 73,000-square-foot Casa Grande facility** with new processing and disposal equipment by the summer of this year, plus **open a new 83,000-square-foot corporate headquarters in Chandler** by the **end of 2005.**

Are you hungry for pasta or work? Then check out a \$45 million **pasta-producing plant under construction in Tolleson,** which is expected to be **up and running** by the **end of 2002.** Initially, **American Italian Pasta Co.** expects to **hire 40 to 50 production workers** to put out 100 million pounds of spaghetti, linguini, and ravioli, but the Kansas City-based company plans to eventually increase annual production to 300 million pounds. Pass the meatballs, please.

A little **more than 100 jobs were saved** when an Irvine, Calif., **company recently purchased a health-supplements manufacturing plant** that was to be sold or shut down. New York-based **Twinlab Corp.,** which ran its Health Factors International Division at a Tempe facility, announced in March it was selling or closing the operation. **Anabolic Laboratories,** a 78-year-old maker of vitamins and health supplements, agreed to purchase the operation and retain all of the employees.

Construction

The lure of getting more for your money has jump-started sales of homes in the **Rancho El Dorado development near the town of Maricopa** (just inside the Pinal County line off of State Road 347). In the first three months since opening a sales office, nearly 400 houses were sold in the **1,620-acre community** that will eventually **feature 5,500 homes and an 18-hole golf course.** Prices of homes in Rancho El Dorado, which is about 30 miles south of downtown Phoenix, range from \$90,000 to \$250,000.

After several years of delays due to fights with Scottsdale city officials and sorting out details with the city of Glendale, in early April the first shovel of dirt was turned for a **Phoenix Coyotes hockey arena.** Coyotes owner and developer Steve Ellman plans to **build a \$180 million 17,500-seat facility,** financed by the city of Glendale, and **develop 6 million square feet of mixed-use space on 223 acres at Loop 101 and Glendale Road.** Ellman was lured to the west side of the Valley when Scottsdale officials sought information about the developer's financial condition. Voters of Scottsdale approved an arena and retail/office development at McDowell and Scottsdale roads, but Ellman flew the coop when two years of wrangling failed to forge a compromise.

Tempe's effort to give its downtown an East Coast flavor received another boost when a developer proposed building **two 12-story towers,** which would include **140 condominiums, a 24-room boutique hotel, and 100,000 square feet of commercial/office space.** The development by David Setton of **United Properties Group of Cos.** would sit next to 40 brownstone houses on 3 acres between 6th and 7th streets and Forest and Col-

lege avenues.

Banner Health Systems has **chosen DPR Construction Inc.** to build a **full-service acute-care medical complex** in west Phoenix at **Loop 101 and Thomas Road**. Work on the health facilities is **expected to begin in early 2003**, with the medical offices opening in late 2003, followed by the acute-care center in late 2004.

Transportation, Communications, and Public Utilities

In late March, a **regional package-delivery company** based in Phoenix doubled its operating space when it **opened a new 10,500-square-foot Valley facility** (3618 E. Southern Avenue). **California Overnight**, which services companies in Arizona, Nevada, and California, is a 10-year-old private company. **No information** was available on the **employment effect** of the **new center**.

Trade

Ford Motor Co. has agreed to invest \$1 million over five years to develop an **undergraduate program for automobile dealership management** at **Arizona State University's College of Business**, as well as a five-year **postgraduate program for minorities in auto dealer education**. A one-of-a-kind program, Ford is attempting to lure more minorities into managing dealerships. About 7 percent of the car company's dealerships are run by minorities. The undergraduate program, however, will be open to all students.

Government

The **Tempe Police Department** is **looking for "a few good women."** The city recently held a job expo for potential recruits to increase the percentage of females on its 337-member force (currently around 14 percent). Among **positions needed** to be filled by women are **patrol and traffic officers, homicide detectives, and SWAT and undercover officers**.

Tucson Metro Area

Manufacturing

Due to the economic slowdown (and particularly, cutbacks by a local manufacturer), **Pima Community College** has **suspended** a popular **program** that **taught aircraft-interior installation**. About 60 students a year have graduated from the four-month program with nearly a 100 percent placement rate. But none of the 30 most recent graduates were able to find employment, primarily because of the slowdown in the aircraft manufacturing industry, including the **delay in introduction** of a **new business jet** by local manufacturer **Bombardier Aerospace**. On the other hand, a nine-month **structural-repair program** at Pima Community College **continues to operate**, but graduates must look out of state for most job opportunities.

Defense manufacturer **Raytheon Co.**, which employs more than 10,000 workers in Tucson, is **targeting** about 15 percent of the \$67 billion budgeted for **homeland security** as areas of **potential business**. Areas that Massachusetts-based Raytheon is interested in include airport security (e.g., baggage screening equipment), communications used by disaster respondents (e.g., fire departments), computer security, and border patrol. As would be expected, the company didn't announce any estimated employment growth from potential homeland defense projects because it's too early in the process.

Construction

After reaching a nearly unanimous compromise between a developer and environmentalists, the **Pima County Board of Supervisors** unanimously **approved** a plan in early April to allow **1,200 to 1,300 homes** on 1,600 acres of land in the **foothills** of the **Santa Rita Mountains**. A county Planning and Zoning Commission had given its blessing a month earlier to a plan that tripled the number of homes allowed on the acreage, causing environmental groups to mobilize out

of fear the development would destroy parts of the natural habitat. **Developer Alex Argueta** agreed to leave 1,100 acres of open space — 10 additional acres than previously planned for a potential equestrian center — and protect the endangered Pima pineapple cactus. Argueta also plans to **build a 20-acre shopping village**, which will include **restaurants, cafes, bakeries, and other shops**.

Trade

The **sale of Foothills Mall** (West Ina Road and North La Cholla Boulevard), which was converted into an outlet center in 1998, is expected to **lead to a half-dozen new stores**, including a **third department store**. **Feldman Equities of Arizona** purchased the 20-year-old mall in late March from Hillwood Development Corp., a Dallas-based group headed by Ross Perot Jr. The 450,000-square-foot Foothills Mall features about 75 stores, including a Saks Off Fifth Avenue, Barnes & Noble, and Ross Dress for Less.

Budget Car and Truck Sales and **Daewoo of Tucson** have **broken ground** on a 26,000-square-foot **store at the Tucson Auto Mall** (767 W. Wetmore) that will **feature auto sales, service, parts, and rental**. Scheduled to **open in August**, the store will be Budget's fourth and largest car sales location in Tucson.

Balance of State

Construction

Developers of a **planned RV resort in the northern part of Lake Havasu City** want to **more than double** the number of **mobile homes** allowed under currently approved zoning. **Edgewater Development Inc.** wants to **build 406 RV spaces**, instead of the currently allowed 180, as part of a 37.5-acre **Havasu RV Resort & Spa**. Edgewater also plans a **tennis court, clubhouse, pool/spa, and "pitch and putt" golf course**. If approved, work on the development would begin this winter, the developer said.

Government

The **Yavapai County Board of Supervisors approved** funds for **10 additional workers** requested by the **county Sheriff's Office** after a federal investigation showed an understaffed department had violated the rights of prisoners. The board approved funds for **six detention officers, two nurses, and two secretaries** for the medical staff at the **Yavapai County Jail in Cottonwood**. Other problems cited by a U.S. Justice Department investigation, such as overcrowding, are expected to be alleviated by the **building of a new jail in Camp Verde** (see Jan. 12, 2002, issue of *Industry Update*).

Transportation, Communications, and Public Utilities

More than **300 jobs at a Laughlin power plant** — and more than \$300 million in economic activity — **could be in jeopardy** if major disputes are not settled over the next several years. The 1,570-megawatt **Mohave Generating Station**, which supplies power to 1.5 million homes, **could be shut down** if it is **unable to secure adequate supplies of water and coal** used to generate energy, as well as **fails to install pollution-control equipment**. The power plant currently receives water and coal from the Navajo and Hopi Indian reservations that is pumped across Arizona through a 273-mile pipeline. But the Indian tribes are seeking additional royalties for the coal and have concerns about having an adequate supply of groundwater. In addition, a court has issued a consent decree that requires the plant to install new pollution-control equipment by the end of 2005, following a suit filed by an environmental group claiming the plant was polluting air at the Grand Canyon. Under normal conditions there would appear to be enough time to solve the problems. But a delay in selling the power plant by its current owner (Southern California Edison) to AES Corporation may prevent the pollution improvements from receiving regulatory approval in time to avoid a shutdown. In addition,

there may not be enough time to find new sources of water and coal, if problems with the tribes cannot be resolved.

Trade

A 47-year-old **Phoenix-based beer distributorship** has bought 12 acres in **Prescott Valley** where it expects to **build a 35,000-square-foot warehouse**. **Hensley and Co.**, which employs about 500, will use the new facility at the Big Sky Industrial Park to deliver shipments to central and northern Arizona clients. **No date for the opening or potential employment** were announced.

Services

Work has begun on a nearly 88,000-square-foot **casino** for the **Cocopah Indian tribe** in **Somerton** that will replace a current operation less than half the size of the new facility. The new casino, expected to **open in late summer or early fall of 2003**, will sit adjacent to the current casino, which sports 300 slot and video gaming machines, on State Highway 95 at County 15th Street. **No information** was available on the **number of new jobs** the expanded casino would create.

Statewide

Miscellaneous

While some areas of Arizona's tourism business (e.g., resorts) are hurting due to the recession and September 11th, **one tourism sector expected** to see an **increase in business is adventure outfitters**. Outdoor thrill seekers — hikers and mountain climbers, kayakers and river rafters, balloonists and parachuters — are likely to stick closer to home, rather than travel to other countries, say industry officials. International adventure travel is down 50 percent, partly due to a fear of terrorism, according to a story in the *Arizona Daily Star*. **Arizona has more than 500 adventure travel companies** and ranks 4th among all states in trips to public lands, the *Daily Star* reported. About 45 million Americans spent \$110 billion on adventure

trips in 2001, said an official with the Adventure Travel Society. Hopefully, Arizona will get its fair share.

INDUSTRY UPDATE

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